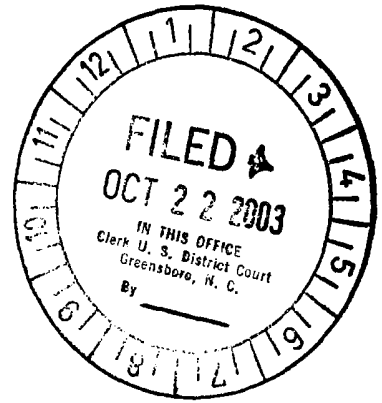


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IN THE UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF NORTH CAROLINA
CIVIL ACTION NO. 1:03CV00556



ERIC HUNTER and JOCELYN HUNTER,)
Husband and Wife,)

Plaintiffs,)

v.)

CHARLES & COLVARD, LTD. (formerly)
C3, INC.), and JEFF HUNTER, as)
Individual and Former CEO and President)
of C3, Inc.,)

Defendants.)

**JOINT MOTION OF PLAINTIFFS
ERIC HUNTER AND JOCELYN
HUNTER, AND DEFENDANT
CHARLES & COLVARD, LTD. TO
DISMISS ENTIRE CASE**

Plaintiffs Eric Hunter and Jocelyn Hunter (the "Hunters") and defendant Charles & Colvard, Ltd. ("C&C") (collectively, the "Movants"), jointly move the Court to dismiss all claims asserted by the Hunters in the above-captioned lawsuit for the reason that all claims, matters of fact, and things in controversy between Movants have been fully and finally compromised and settled by and between those parties and that the Hunters have also released Jeff Hunter from any of their claims. By this Motion and the Agreed Order of Dismissal with Prejudice, which the Movants have signed and filed herewith, Movants request that the Court dismiss the instant action in its entirety with prejudice. In support of this Motion, Movants would show the Court the following facts.

1. During the previous extensions granted by the Court to Defendants to answer this action, Movants have engaged in extensive and intense settlement negotiations, spanning over a period of six (6) weeks.

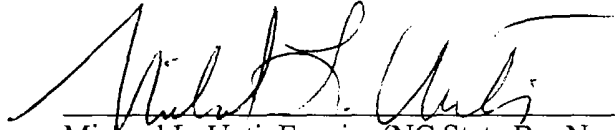
2. Ultimately and after the Hunters and C&C rejected numerous competing counter-offers, Movants entered into a written settlement agreement and mutual general release, the specific terms of which Movants have agreed to keep confidential. Nevertheless, Movants

inform the Court that it is their intent that the settlement and release is full and complete as to all parties to the instant action. Specifically, although defendant Jeff Hunter is not a signatory to Movants' settlement agreement, Movants have structured their agreement so that defendant Jeff Hunter is a third-party beneficiary of releases provided by the Hunters, who have thereby released any and all claims they asserted, or which they could have asserted, in the instant action against defendant Jeff Hunter.

3. Given the protracted settlement negotiations, numerous rejected counter-offers, and involvement of counsel on both sides, as well as the highly adversarial nature of the claims contained in the Amended Complaint, Movants submit and represent to the Court that they negotiated and entered into their settlement agreement and mutual general release in "good faith," as that term is used in the North Carolina Uniform Contribution Among Tort-Feasors Act, N.C. Gen. Stat. § 1B-4. Movants intend for C&C to have all benefits available under this Act as a result of the Movants' settlement and release. Accordingly, Movants jointly request that the dismissal order include a finding that the settlement was entered into in good faith.

WHEREFORE, the Movants respectfully request that the Court enter the Agreed Order of Dismissal with Prejudice, which they have executed and submitted to the Court for approval together with the instant Motion.

This 20th day of October, 2003.



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CERTIFICATE OF SERVICE

I certify that by my direction I have on October 21, 2003 caused the counsel in this action to be served with a copy of the foregoing JOINT MOTION OF PLAINTIFFS ERIC HUNTER AND JOCELYN HUNTER, AND DEFENDANT CHARLES & COLVARD, LTD. TO DISMISS ENTIRE CASE by placing said copy in the United States Mail, postage prepaid, addressed as follows:

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